

**BEFORE THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

IN THE MATTER OF:

**THE FARMERS MUTUAL INSURANCE
COMPANY OF GILES COUNTY, TENNESSEE**

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No.: 08-100

RECEIVED

JUN 30 2008

Dept. Of Commerce & Insurance
Company Examinations

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to Tenn. Code Ann. §§ 56-22-115, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (hereinafter referred to as the "Division") has examined certain affairs of the Farmers Mutual Insurance Company of Giles County, Tennessee (hereinafter also referred to as the "Company"), an insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December, 2006, the examiner-in-charge filed with the Division, on the 2nd day of June, 2008, a verified, written report on the examination, and a copy of that report has been sent to the Farmers Mutual Insurance Company of Giles County, Tennessee. (The Report on Examination of the Farmers Mutual Insurance Company of Giles County, Tennessee is attached hereto and marked as Exhibit A). The Farmers Mutual Insurance Company of Giles County, Tennessee waived any right to rebuttal with respect to the Report on Examination of the Tennessee Insurance Guarantee Association filed with the Division, on the 2nd day of June, 2008. (The letter waiving rebuttal is attached hereto and marked as Exhibit B.)

Pursuant to Tenn. Code Ann. § 56-1-411, said examination report regarding the affairs of the Farmers Mutual Insurance Company of Giles County, Tennessee, filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 2nd day of June, 2008, is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-3-112 and Tenn. Comp. R. & Reg. § 0780-1-46 by either moving its investments out of its Edward Jones account and investing directly with banks in accounts that are insured up to \$100,000 by the Federal Deposit Insurance Corp. or establish a proper custodial relationship with a bank that is a member of the federal reserve system and transferring these investments that are currently held by investment brokers into a custodial account that meets the requirements of Tenn. Code Ann. § 56-3-112 and Regulation 0780-1-46. Furthermore, any investments held through Edward Jones are to be reported as non-admitted assets on future annual statement filings per Tennessee Regulation 0780-1-46-.03(4).
2. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-1-405 and NAIC Statement of Statutory Accounting Principals SSAP # 19 by ceasing to include the depreciated value of its computer equipment and furniture in future annual statements as admitted assets.
3. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-22-109(b)(2) by updating its By-Laws to include the non-renewal provisions contained in Tenn. Code Ann. § 56-7-1902.
4. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-22-109(b)(2) by updating its policy forms to reflect the cancellation and non-renewal provisions of Tenn. Code Ann. §§ 56-7-1901 and 56-7-1902.

The company shall comply with the directives contained in this order within thirty (30) days of its entry.

The adoption of this examination report shall not preclude the Department from imposing sanctions against the Farmers Mutual Insurance Company of Giles County, Tennessee for potential violations of the Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report With Directives merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

ENTERED this the 24th day of June, 2008.

Leslie A. Newman

Leslie A. Newman, Commissioner
Department of Commerce and Insurance
State of Tennessee

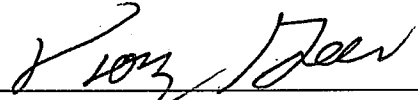
PREPARED FOR ENTRY:

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as Filed has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, and Philip Blustein, Chief Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to the Farmers Mutual Insurance Company of Giles County, Tennessee, 212 West Madison Street, P.O. Box 732, Pulaski, TN 38478, on this the 30th day of June, 2008.



Tony Greer
Certifying Attorney